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**Consolidated Financial Results for the
First Quarter Ended June 30, 2019
[Japanese GAAP]**

August 9, 2019

Company name: Raysum Co., Ltd. Stock exchange listing: Tokyo Securities Exchange
Code number: 8890 URL: <http://www.raysum.co.jp/>
Representative: Tsuyoshi Komachi, President and Representative Director
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Scheduled date for filing of quarterly securities report: August 13, 2019
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on financial results: None
Schedule of financial results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter ended June 30, 2019	7,802	7.1	669	(31.9)	578	(42.8)	445	(30.9)
First quarter ended June 30, 2018	7,281	163.4	982	593.4	1,010	984.4	644	594.2

(Note) Comprehensive income: First quarter ended June 30, 2019: ¥464 million (-8.8%)
First quarter ended June 30, 2018 ¥509 million (540.3%)

	Profit per share	Diluted profit per share
	yen	yen
First quarter ended June 30, 2019	11.59	—
First quarter ended June 30, 2018	14.17	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2019	73,412	42,056	57.3
As of March 31, 2019	76,398	43,322	56.7

(Reference) Equity: As of June 30, 2019: ¥42,056 million
As of March 31, 2019: ¥43,322 million

2. Dividends

	Annual Dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2019	—	0.00	—	45.00	45.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		0.00	—	45.00	45.00

(Note) Changes to the most recent dividend forecast announced: Not applicable

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	69,000	17.9	12,050	9.6	11,850	8.7	7,700	(2.5)	200.30

(Note) Changes to the most recent financial results forecast announced: Not applicable

*Notes

- (1) Significant changes of subsidiaries in the first quarter of the fiscal year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): Not applicable
- (2) Application of accounting method specific to preparation of quarterly consolidated financial statements:
Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 - 2) Any changes in accounting policies other than 1) above: Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable
- (4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):

First quarter ended June 30, 2019	46,081,400 shares
Fiscal year ended March 31, 2019	46,081,400 shares

- 2) Total number of treasury stock at the end of the period:

First quarter ended June 30, 2019	7,631,514 shares
Fiscal year ended March 31, 2019	7,631,514 shares

- 3) Average number of shares during the period:

First quarter ended June 30, 2019	38,449,886 shares
First quarter ended June 30, 2018	45,465,940 shares

* This quarterly consolidated financial statement is not subject to the quarterly review by a certified accountant or auditing company.

* Explanation of the proper use of performance forecast and other note

(Note on forward-looking statements, etc.)

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not to be read as guarantees of future performance by the Company. In addition, actual performance may differ substantially due to various factors.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

The consolidated financial results for the first quarter of the fiscal year under review recorded net sales of 7,802 million yen (year-on-year increase of 7.1%), operating income of 669 million yen (year-on-year decrease of 31.9%), ordinary income of 578 million yen (year-on-year decrease of 42.8%), and profit attributable to owners of parent of 445 million yen (year-on-year decrease of 30.9%).

The decreases in operating income, ordinary income and profit attributable to owners of parent from the same quarter of the previous fiscal year are attributable to the individual characteristics of products of the Wealth Management Business in the first quarter under review.

Due to the withdrawal of the Servicing Business in the previous fiscal year, the Group have three reporting segments (Wealth Management Business, Property Management Business, and Other Business) from the fiscal year under review.

Business results by segment are as follows.

(Wealth Management Business)

In this business, we work out schemes for high-net-worth individuals suited to client asset specifications and objectives such as business succession and inheritance tax measures, and provide relevant properties with future potential. The products cover a wide range of properties from commercial/office buildings, residential, accommodation facilities and educational facilities to medical facilities among others, and come with a diversified price range from some hundred million yen to as high as over some ten billion yen.

Furthermore, we have worked on development of operation-type products to create businesses that can generate higher rent-paying capabilities by addressing future social issues. We have launched community hostels, advanced medical care surgery centers, community-based restaurants and such, and are offering products that incorporate these.

In the first quarter of the fiscal year under review, the Wealth Management Business posted 5,945 million yen (year-on-year increase of 6.2%) in net sales, and segment income of 608 million yen (year-on-year decrease of 24.3%).

(Property Management Business)

In order to achieve the property-owning objectives of clients who own income properties purchased from our company, this business seeks to attract optimal tenants and make various arrangements in order to make the most efficient use of properties in various usage categories and provides detailed building leasing and management services.

In the first quarter of the fiscal year under review, the Property Management Business posted 1,279 million yen (year-on-year increase of 28.8%) in net sales and 320 million yen (year-on-year decrease of 4.1%) in segment income.

(Other Business)

This segment mainly runs Raysum Golf & Spa Resort, a golf course owned by Asset Holdings, Ltd., a consolidated subsidiary of the Company; WeBase Co, Ltd. runs community hostels; and LIBERTE JAPON Co., Ltd. runs stores of LIBERTE PÂTISSERIE BOULANGERIE from Paris, France in Japan.

In addition, from the fiscal year under review, RayPower Inc., which develops, manufactures and sells gas engine-driven power generators as its environment and energy business, has started full-fledged sales activities; and Best Medical Inc., which engages in business supporting advanced medical services, has launched support for newly-opening clinics as well as search for new clinics to support.

In the first quarter of the fiscal year under review, the segment's net sales totaled 577 million yen (year-on-year increase of 80.6%); and loss was 117 million yen (loss of 17 million yen in the same quarter of the previous fiscal year) partially due to initial costs from starting new businesses.

(2) Explanation of Financial Position

1) Changes in Financial Position

[Assets]

Current assets decreased 2,575 million yen compared to the end of the previous fiscal year to 64,093 million yen.

This was primarily attributable to cash and deposits decreasing 3,289 million yen to 18,785 million yen, real estate for sale decreasing 2,569 million yen to 31,772 million yen and real estate for sale in process increasing 3,528 million yen to 10,874 million yen.

Noncurrent assets decreased 410 million yen from the end of the previous fiscal year to 9,319 million yen.

As a result, total assets as at the end of the first quarter of the fiscal year under review decreased 2,986 million yen compared to the end of the previous fiscal year to 73,412 million yen.

[Liabilities]

Liabilities decreased 1,720 million yen compared to the end of the previous fiscal year to 31,355 million yen. This was primarily attributable to a decrease of 2,152 million yen in income tax payable due to payment of income tax, a decrease of 211 million yen in property construction expenses payable, etc. due to payment of property construction expenses, an increase of 282 million yen in loans payable due to the difference between new fundraising and repayment of loans payable and an increase of 102 million yen in deposits received from tenants associated with properties purchased.

[Net Assets]

Total net assets decreased 1,265 million yen compared to the end of the previous fiscal year to 42,056 million yen. This was primarily attributable to an increase of 445 million yen in retained earnings following the recording profit attributable to owners of parent offset by the decrease of 1,730 million yen from dividend payment.

Furthermore, equity ratio as of the end of the first quarter of the fiscal year under review has become 57.3%.

2) Cash Flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the first quarter of the fiscal year under review decreased 3,289 million yen compared to the end of the previous fiscal year to 18,785 million yen.

Cash flows in the first quarter of the fiscal year under review and the major contributory factors are as follows.

[Net cash provided by (used in) operating activities]

Net cash provided by operating activities decreased 2,140 million yen. The main factor for increase was increased funds related to 5,945 million yen in net sales in the Wealth Management Business. The main factors for decrease were the decrease in funds related to 4,921 million yen of payment for purchases of real estate for sale, and 1,086 million yen due to payment in line with the progressing development of real estate for sale in process and payment for repair works on real estate for sale in the Wealth Management Business; 2,217 million yen of payment for income tax; and the expenditure of selling, general and administrative expenses.

[Net cash provided by (used in) investing activities]

Net cash provided by investing activities increased 250 million yen. The main factor for increase was the proceeds of 500 million yen from sales of investment securities while the main factors for decrease were the expenditure of 151 million yen for payment of investments in capital, the expenditure of 80 million yen for executing loans and the expenditure of 19 million yen related to purchase of property, plant and equipment.

[Net cash provided by (used in) financing activities]

Net cash provided by financing activities decreased 1,392 million yen. The main factor for increase was the increase of 282 million yen in loans payable due to the difference between new fundraising and repayment of loans payable; and the main factor for decrease was the payment of dividends of 1,667 million yen.

(3) Explanation of Consolidated Financial Results Forecast and Other Information on Future Forecasts

The consolidated financial results forecast remain unchanged from the full year consolidated financial results forecast on “Consolidated Financial Results for the Fiscal Year Ended March 31, 2019” announced on May 10, 2019.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	22,075	18,785
Trade accounts receivable	299	285
Real estate for sale	34,342	31,772
Real estate for sale in process	7,346	10,874
Advance payments - trade	1,201	1,123
Income taxes receivable	58	58
Other	1,359	1,207
Allowance for doubtful accounts	(13)	(12)
Total current assets	66,669	64,093
Non-current assets		
Property, plant and equipment		
Buildings, net	2,106	2,069
Land	1,131	1,131
Other, net	730	693
Total property, plant and equipment	3,968	3,894
Intangible assets		
Other	462	458
Total intangible assets	462	458
Investments and other assets		
Investment securities	3,306	2,926
Deferred tax assets	723	529
Investments in capital	13	177
Other	1,255	1,332
Total investments and other assets	5,298	4,966
Total non-current assets	9,729	9,319
Total assets	76,398	73,412

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Short-term borrowings	1,000	—
Current portion of long-term borrowings	1,084	1,135
Accounts payable - other	990	778
Income taxes payable	2,255	103
Advances received	443	488
Provision for bonuses	9	13
Provision for loss on liquidation of subsidiaries and associates	123	123
Other	835	1,052
Total current liabilities	6,743	3,695
Non-current liabilities		
Long-term borrowings	21,420	22,652
Provision for adjustment of securitization	0	0
Asset retirement obligations	4	4
Deposits received from tenants	4,781	4,884
Other	126	118
Total non-current liabilities	26,333	27,660
Total liabilities	33,076	31,355
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	12,253	12,253
Retained earnings	42,344	41,059
Treasury shares	(11,379)	(11,379)
Total shareholders' equity	43,317	42,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(51)	(53)
Foreign currency translation adjustment	56	77
Total accumulated other comprehensive income	5	24
Total net assets	43,322	42,056
Total liabilities and net assets	76,398	73,412

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income – First Quarter of Consolidated Fiscal Year)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	7,281	7,802
Cost of sales	5,185	6,116
Gross profit	2,096	1,685
Selling, general and administrative expenses	1,113	1,016
Operating profit	982	669
Non-operating income		
Interest income	5	4
Foreign exchange gains	72	—
Rental income from buildings	1	1
Other	5	5
Total non-operating income	84	11
Non-operating expenses		
Interest expenses	51	65
Commission for a financial loan	4	0
Foreign exchange losses	—	32
Other	0	3
Total non-operating expenses	56	101
Ordinary profit	1,010	578
Extraordinary income		
Gain on sales of investment securities	—	127
Total extraordinary income	—	127
Profit before income taxes	1,010	706
Income taxes - current	2	65
Income taxes - deferred	363	195
Total income taxes	366	260
Profit	644	445
Profit attributable to non-controlling interests	0	—
Profit attributable to owners of parent	644	445

(Quarterly Consolidated Statements of Comprehensive Income – First Quarter of Consolidated Fiscal Year)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	644	445
Other comprehensive income		
Valuation difference on available-for-sale securities	(110)	(2)
Foreign currency translation adjustment	(24)	21
Total other comprehensive income	(134)	18
Comprehensive income	509	464
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	509	464
Comprehensive income attributable to non-controlling interests	0	—

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,010	706
Depreciation	52	93
Increase (decrease) in provision for bonuses	8	3
Increase (decrease) in allowance for doubtful accounts	3	(0)
Increase (decrease) in provision for adjustment of securitization	0	0
Loss (gain) on sales of investment securities	—	(127)
Interest and dividend income	(5)	(4)
Interest expenses	51	65
Decrease (increase) in trade receivables	(49)	13
Decrease (increase) in real estate for sale	(63)	2,547
Decrease (increase) in real estate for sale in process	(2,417)	(3,528)
Decrease (increase) in purchased receivables	(266)	—
Decrease (increase) in advance payments - trade	(7)	78
Decrease (increase) in deposits paid	549	(6)
Increase (decrease) in advances received	25	45
Increase (decrease) in accounts payable - other	249	(301)
Decrease/increase in consumption taxes receivable/payable	264	356
Increase (decrease) in lease deposits received	84	101
Decrease (increase) on investments in silent partnership	12	—
Other, net	(14)	95
Subtotal	(513)	138
Interest and dividends received	4	4
Interest paid	(51)	(65)
Income taxes (paid) refund	(6)	(2,217)
Net cash provided by (used in) operating activities	(566)	(2,140)
Cash flows from investing activities		
Purchase of property, plant and equipment	(220)	(19)
Proceeds from sales of investment securities	—	500
Payments for investments in capital	—	(151)
Purchase of shares of subsidiaries and associates	(765)	—
Loan advances	(24)	(80)
Other, net	(0)	0
Net cash provided by (used in) investing activities	(1,009)	250
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	—	(1,000)
Proceeds from long-term borrowings	1,305	4,050
Repayments of long-term borrowings	(1,225)	(2,767)
Purchase of treasury shares	(700)	—
Dividends paid	(1,761)	(1,667)
Other, net	—	(7)
Net cash provided by (used in) financing activities	(2,381)	(1,392)
Effect of exchange rate change on cash and cash equivalents	37	(7)
Net increase (decrease) in cash and cash equivalents	(3,920)	(3,289)
Cash and cash equivalents at beginning of period	20,634	22,075
Cash and cash equivalents at end of period	16,713	18,785

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes in the Event of Material Change in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, Etc.)

[Segment Information]

Information on net sales, income (loss), assets, liabilities and other items by reporting segment

First Quarter of the Fiscal Year ended June 30, 2018 (April 1, 2018 to June 30 2018)

(Millions of yen)

	Reportable segments				Total	Reconciling items	Per quarterly consolidated financial statements
	Wealth Management	Property Management	Servicing	Others			
Sales							
Revenues from external customers	5,597	992	371	319	7,281	—	7,281
Transactions with other segments	—	10	—	7	17	(17)	—
Net sales	5,597	1,003	371	327	7,299	(17)	7,281
Operating profit (loss)	804	334	12	(17)	1,133	(150)	982

(Note) The amount of (-150 million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (0 million yen) and the company-wide expenses of administrative expenses (-150 million yen) that are not allocated to each segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 982 million yen of operating income stated in the consolidated statements of income.

First Quarters of the Fiscal Year ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per quarterly consolidated financial statements
	Wealth Management	Property Management	Others			
Sales						
Revenues from external customers	5,945	1,279	577	7,802	—	7,802
Transactions with other segments	—	0	5	5	(5)	—
Net sales	5,945	1,279	582	7,807	(5)	7,802
Operating profit (loss)	608	320	(117)	811	(142)	669

(Note) The amount of (-142 million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (0 million yen) and the company-wide expenses of administrative expenses (-142 million yen) that are not allocated to each segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 669 million yen of operating income stated in the consolidated statements of income.

(Matters related to the change in reporting segments, etc.)

The Group previously had four reporting segments (Wealth Management Business, Property Management Business, Servicing Business and Other Business) to be reported under segment information. However, due to the withdrawal of the Servicing Business in the previous fiscal year, the Group has three reporting segments (Wealth Management Business, Property Management Business, and Other Business) from the fiscal year under review.

(Important Subsequent Events)

The Company resolved at the board of directors' meeting held on August 9, 2019, to purchase treasury shares as follows, based on the provisions of Article 165, Paragraph 3 and Article 156 of the Companies Act.

(1) Reason for the purchase of treasury shares

The Company has decided to purchase treasury shares with an aim to improve capital efficiency as well as to increase return of profit to shareholders, comprehensively taking into account the stock market as of late, trends in the Company's share prices and such.

(2) Details of resolution concerning purchase of treasury shares made at the board of directors' meeting

1) Type of shares to be purchased	Company's common stock
2) Total number of shares to be purchased	700,000 shares (maximum) (1.82% of the total number of issued shares (excluding treasury shares))
3) Total share purchase amount	700 million yen (maximum)
4) Purchase period	August 13, 2019 to September 25, 2019
5) Purchase method	Open-market purchase at Tokyo Stock Exchange, Inc.